

COPY

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF SOUTHERN INDIANA GAS AND ELECTRIC)
COMPANY d/b/a VECTREN ENERGY DELIVERY OF)
INDIANA, INC. ("VECTREN SOUTH-GAS") FOR (1))
AUTHORITY TO INCREASE ITS RATES AND CHARGES)
FOR GAS UTILITY SERVICE; (2) APPROVAL OF NEW)
SCHEDULES OF RATES AND CHARGES APPLICABLE)
THERE TO; (3) AUTHORITY, TO THE EXTENT)
NECESSARY AS AN ALTERNATIVE REGULATORY PLAN,)
TO RECOVER ITS UNACCOUNTED FOR GAS COSTS AND)
THE GAS COST COMPONENT OF ITS BAD DEBT EXPENSE)
IN ITS GAS COST ADJUSTMENT FILINGS; (4) APPROVAL)
OF A DISTRIBUTION REPLACEMENT ADJUSTMENT TO)
RECOVER THE COSTS OF A PROGRAM FOR THE)
ACCELERATED REPLACEMENT OF CAST IRON MAINS)
AND BARE STEEL MAINS AND SERVICE LINES; (5))
APPROVAL OF THE IMPLEMENTATION OF THE SALES)
RECONCILIATION COMPONENT OF THE ENERGY)
EFFICIENCY RIDER PROPOSED IN CAUSE NOS. 42943)
AND 43046 OR OTHER RATE DESIGN CHANGES THAT)
UNLINK ITS FIXED COST RECOVERY FROM ITS SALES)
VOLUME; (6) APPROVAL AS AN ALTERNATIVE)
REGULATORY PLAN PURSUANT TO IND. CODE § 8-1-2.5-6)
OF A RETURN ON EQUITY TEST TO BE USED IN LIEU OF)
THE STATUTORY NET OPERATING INCOME TEST IN ITS)
GAS COST ADJUSTMENT PROCEEDINGS; (7) AUTHORITY)
PURSUANT TO 170 IAC 5-1-27(F) FOR A NON-GAS COST)
REVENUE TEST TO DETERMINE WHEN DEPOSITS ARE)
REQUIRED FOR FACILITIES EXTENSIONS; AND (8))
APPROVAL OF VARIOUS CHANGES TO ITS TARIFF FOR)
GAS SERVICE, INCLUDING INCREASES IN CERTAIN)
NON-RECURRING CHARGES.)

FILED

NOV 28 2006

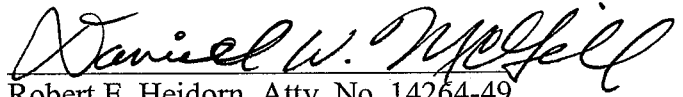
INDIANA UTILITY
REGULATORY COMMISSION

CAUSE NO. 43112

PETITIONER'S SUBMISSION OF CUSTOMER NOTICE
AS LATE-FILED EXHIBIT

Petitioner Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. submits herewith as Petitioner's Exhibit SEA-13 a copy of the customer notice provided by Petitioner pursuant to the Commission's Rules, 170 IAC 5-1-18. The notice was not available at the time Petitioner's Case-in-Chief was filed.

Respectfully submitted,



Robert E. Heidorn, Atty. No. 14264-49

VECTREN CORPORATION

One Vectren Square

211 N.W. Riverside Drive

Evansville, Indiana 47708

Telephone: (812) 491-4203

Facsimile: (812) 491-4238

Email: rheidorn@vectren.com

Daniel W. McGill, Atty. No. 9489-49

BARNES & THORNBURG LLP

11 South Meridian Street

Indianapolis, Indiana 46204

Telephone: (317) 231-7229

Facsimile: (317) 231-7433

Email: dmcgill@btlaw.com

Robert M. Glennon, Atty. No. 8321-49

3697 North 500 East

Danville, Indiana 46122

Telephone: (317) 852-2723

Facsimile: (317) 852-0115

Email: glennon@iquest.com

Attorneys for Petitioner

Southern Indiana Gas and Electric Company

d/b/a Vectren Energy Delivery of Indiana,
Inc.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing Petitioner's Submission Of Customer notice as Late-Filed Exhibit was served by depositing a copy thereof in the United States mail, first class postage prepaid, addressed to:

OFFICE OF THE UTILITY CONSUMER COUNSELOR
100 North Senate Avenue
Room N501
Indiana Government Center North
Indianapolis, Indiana 46204

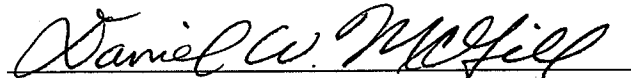
J. Christopher Janak
Christopher C. Earle
L. Parvin Price
Nikki G. Shoultz
BOSE MCKINNEY & EVANS
2700 First Indiana Plaza
135 North Pennsylvania Street
Indianapolis, IN 46204

Timothy L. Stewart
Jennifer W. Terry
LEWIS & KAPPES, P.C.
One American Square
Suite 2500
Indianapolis, IN 46282

David F. Boehm
Boehm Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OH 45202

John Cook, Esq.
Dunn & Cook
199 Main Street
Suite A
Franklin, IN 46131

this 28th day of November, 2006.


Daniel W. McGill



Proposed Changes in Natural Gas Base Rates

Vectren Energy Delivery of Indiana - South (Vectren South) has filed a petition with the Indiana Utility Regulatory Commission (IURC) to adjust its rates and charges for its natural gas utility service in southwestern Indiana. Please note: These are the rates Vectren South charges for distributing gas to its customers through use of pipelines and other facilities, which is listed on the bill as "Distribution and Service Charges." This does not include the cost of natural gas, which is listed on the bill as "Gas Cost Charge".

Why does Vectren South need a base rate increase?

The last base rate increase was in July 2004. In that case, Vectren requested a \$14.7 million increase. In the midst of higher natural gas prices and the need to minimize customer impact, Vectren received a \$5.7 million increase with approval from the IURC. This modest increase, the first since 1996, resulted in a 5% increase in customer bills. In this 2006 rate adjustment petition, Vectren is requesting \$10.4 million - roughly the difference in the dollar amount of increase not added in 2004.

Since 1996, Vectren has invested more than \$30 million to improve its 3,000-mile gas distribution system in southwestern Indiana. Although the 2004 rate increase was a step toward the recovery of those costs, Vectren must completely recover the costs associated with maintaining safe, reliable service and to account for the significant investment the company has made into the infrastructure of its gas distribution system in the past decade.

Bill Impacts: If the proposal is approved by the IURC, the annual natural gas bill would increase by about 6.6 percent for a typical residential customer using gas for home heating. For example, a customer using 744 therms per year should expect the gas portion of his/her bill to increase on average a little under \$5.50 per month or around \$65 for the entire year. When combined with the electric rate case (also filed on Sept. 1), a residential customer with Vectren gas and electric service would see about a 15% increase in the **total utility bill** or about \$27 more per month.

The chart featured here compares various monthly usage levels between the present rates and the proposed rates.

**Vectren Energy Delivery of Indiana - South
Effects of Proposed Rate Adjustments - Residential**

Monthly Usage (therms)	Present Rate	Proposed Rate	Increase Amount	Percent Increase
30	\$46.22	\$51.61	\$5.39	11.7%
50	\$69.86	\$75.35	\$5.49	7.9%
80	\$104.27	\$109.82	\$5.55	5.3%
100	\$127.21	\$132.80	\$5.59	4.4%
150	\$184.56	\$190.25	\$5.69	3.1%
200	\$241.91	\$247.70	\$5.79	2.4%
250	\$299.26	\$305.15	\$5.89	2.0%
300	\$356.61	\$362.60	\$5.99	1.7%

Base Rate vs. Gas Costs: There are two parts to the residential gas portion of the bill. 1) the base rates, which include the cost Vectren South incurs to deliver gas to your home (listed as "Distribution and Service Charges" on the bill) and 2) the natural gas commodity, which is the actual cost of the gas used in your home or business (listed as "Gas Cost Charge" on the bill.) The rate case only impacts the Distribution and Service Charges bill component, which is approximately 25 to 30 percent of the bill. Vectren South purchases natural gas on behalf of its customers and then passes that cost onto the customer. Vectren South cannot make a profit from the increase in the cost of natural gas as mandated by the IURC.

What to Expect: The Indiana Utility Regulatory Commission (IURC) will review the filing and hold a public hearing before it makes a decision. This review process will likely take several months to a year.